

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 02205 111226Z

ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NRC-05 /105 W
-----111234Z 007207 /22

R 110926Z FEB 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5956

USDOC

LIMITED OFFICIAL USE MANILA 2205

DEPT PASS EXIM: USDOC FOR MAJOR PROJECTS DIVISION

E.O. 11652: DECON ON RECEIPT

TAGS: ENRG, RP

SUBJECT: STATUS REPORT ON WESTINGHOUSE NUCLEAR POWER PROJECT -
AND COMMENTS ON UNIT NUMBER TWO

1. SUMMARY. WORK IS PROGRESSING WELL ON THE 620 MW
PHILIPPINE NUCLEAR POWER REACTOR. THE TIMING FOR THE SECOND
UNIT AT THE SAME SITE IS STILL UNDETERMINED BUT VERY MUCH AN
ISSUE, AS IT COMPETES WITH OTHER MAJOR PROJECTS CURRENTLY
UNDER CONSIDERATION. THE EMBASSY WOULD APPRECIATE EXIM'S
VIEWS ON FUNDING AND TIMING FOR THE SECOND UNIT, AS WELL AS
ITS ATTITUDES TOWARDS ITS EXPOSURE IN THE PHILIPPINES IN
GENERAL. END SUMMARY

2. WORK IS PROGRESSING ON SCHEDULE ON THE EXIM FUNDED NUCLEAR
POWER PLANT BEING CONSTRUCTED BY WESTINGHOUSE ELECTRIC
CORPORATION FOR THE NATIONAL POWER CORPORATION (NPC) IN BATAAN,
PHILIPPINES. SITE PREPARATION BEGUN IN APRIL 1976 IS 80
PERCENT COMPLETE; OVER 3 MILLION CUBIC YARDS OF EARTH HAVE
BEEN MOVED. EXCAVATION FOR THE REACTOR FOUNDATION STARTED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 02205 111226Z

THIS WEEK. CONSTRUCTION ON THE RESIDENTIAL COMPLEX IS
WELL-ADVANCED.

3. A TOUR OF THE WESTINGHOUSE INTERNATIONAL PROJECTS
COMPANY (WIPCO) HEADQUARTERS AND PLANT SITE (VIA HELICOPTER)
HAVE CONVINCED EMBASSY OFFICERS THAT WESTINGHOUSE IS GETTING
INTO HIGH GEAR RAPIDLY TO CARRY-OUT THE CONSTRUCTION OF THIS

PLANT. WESTINGHOUSE OFFICIALS EMPHASIZE THAT THEY ARE RECEIVING VERY GOOD COOPERATION FROM NPC IN ALL ADMINISTRATIVE AND SUBSTANTIVE MATTERS RELATED TO THE PROJECT.

4. OF CONTINUING CONCERN TO WESTINGHOUSE IS THE TIMING OF UNIT NUMBER TWO AT THE SAME SITE. L.P. SABOL, DISTRICT SALES MANAGER OF WESTINGHOUSE POWER SYSTEMS, CONTINUES TO STRESS THAT WORK MUST BEGIN ON UNIT TWO WITHIN ONE AND ONE HALF YEARS, I.E., BY MID-1978, TO ACHIEVE MAXIMUM SAVINGS ON MOBILIZATION COSTS. BASIC INFRASTRUCTURE FOR THE SECOND UNIT IS BEING INSTALLED WITH THE FIRST UNIT.

5. THE CURRENT OFFICIAL PHILIPPINE POWER EXPANSION PROGRAM PHASES THE CONSTRUCTION OF THE SECOND BAGAC UNIT FROM 1981 TO 1988. THE PRESENT WISDOM HERE IN PHILIPPINE AND AMERICAN CIRCLES SEEMS TO BE THAT UNIT TWO WILL BE BUILT BY WESTINGHOUSE AND WILL BE FUNDED BY EXIM. TIMING IS STILL OPEN.

6. THE NPC IS NOW DOING A REVISION OF BASE LOAD GROWTH REQUIREMENTS FOR LUZON, AND PROJECTIONS ARE EXPECTED TO BE REVISED UPWARD. NPC PLANNING OFFICIALS ARE NOT CONFIDENT THAT THE GEOTHERMAL RESOURCE WILL PROVIDE AS MUCH POWER AS IS CURRENTLY ENVISAGED IN THEIR PLAN, AND ARE RESERVING JUDGMENT ON THE LONG TERM SCALE OF THE ROLE FOR NUCLEAR POWER UNTIL THE FIRST GEOTHERMAL UNITS COME ON STREAM IN EARLY 1978. THE PRESENT PLAN FORESEES 4400 MW OF GEOTHERMAL AND 3900 MW OF NUCLEAR POWER INSTALLED BY THE YEAR 2000.

7. THE SECOND NUCLEAR UNIT COSTING POSSIBLY ABOUT \$850 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 02205 111226Z

MILLION ALSO FACES STIFF COMPETITION, FROM OTHER PRIORITY INVESTMENTS, FOR DOMESTIC FUNDING AND ACCESS TO FOREIGN DEBT FUNDING. WHILE IT IS HARD TO GET A SPECIFIC READING, INDICATIONS ARE THAT SECRETARY OF FINANCE VIRATA AND SECRETARY IF INDUSTRY PATERNO RANK AN ADDITIONAL NUCLEAR PLANT AFTER THE COPPER SMELTER, \$200 MILLION; SUPERPHOSPHATE FERTILIZER PLANT, \$90 MILLION; AND INTEGRATED STEEL PLANT, \$1.5 BILLION, BUT BEFORE THE PETROCHEMICAL PROJECT, \$1.2 BILLION.

8. WESTINGHOUSE DOES FACE COMPETITION IN SELLING FUTURE NUCLEAR UNITS TO NPC. THE GERMAN GROUP SIEMENS IS PROPOSING A PACKAGE OF 2 UNITS OF 450 MW EACH AS AN ALTERNATIVE TO THE SECOND WESTINGHOUSE UNIT. NPC SOURCES HAVE TOLD US THEY WOULD BE RECEPTIVE TO THE OFFER IF THE PRICE IS RIGHT AND THE FUNDING INCLUDED. NPC HAS NOT BEEN RECEPTIVE TO PROPOSALS FOR A NON-WESTINGHOUSE UNIT AT BAGAC. THE FRENCH ARE STILL PROMOTING, WITHOUT SUCCESS, THEIR SMALL FLOATING NUCLEAR PLANTS.

9. IN SPITE OF ASSERTION IN PARA 5, ABOVE, THAT PREVAILING WISDOM IS THAT EXIM WILL FUND THE SECOND UNIT, NO ONE HAER IS CERTAIN OF EXACT EXIM POSTION REGARDING THIS. DURING VISIT IN OCTOBER 1976 STEPHEN GOODMAN, EXIM V.P. FOR POLICY ANALYSIS, TOLD WESTINGHOUSE'S SABOL AND EMBOFFS THAT EXIM WAS COMMITTED TO FUND THE SECOND UNIT; IT WAS ONLY A MATTER OF TIMING, EXIM PREFERRED TO SEE UNIT ONE "MATURE" FIRST. HE SUGGESTED 1981 MIGHT BE A GOOD YEAR TO CONSIDER THE NEXT ONE. DEMETRIO PAZ OF NPC TOLD EMBOFF THAT DURING HIS LAST VISIT TO WASHINGTON, EXIM WAS NON-COMMITTAL AND THAT NPC WAS PLANNING ON THE BASIS IT HAS NO ASSURANCES OF FUNDING FOR THE SECOND UNIT.

10. FOR COMPETITIVE PURPOSES, EXIM MIGHT WISH TO WEIGH IN NOW AND CONFIRM, IF IT CAN, ITS GENERAL COMMITMENT IN PRINCIPLE TO FUND THE SECOND UNIT. WE REALIZE THIS MAY BE DIFFICULT WHILE THE NEW ADMINISTRATION'S POLICY ON NUCLEAR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MANILA 02205 111226Z

EXPORTS IS STILL EVOLVING. WE EXPECT THAT EXIM WILL ALSO BE APPROACHING DURING 1977 BY U.S. FIRMS SEEKING ALL OR PARTS OF THE ACTION IN THE OTHER MAJOR PROJECTS MENTIONED ABOVE. EXIM MAY WISH TO EVALUATE ITS APPROACH TO FUNDING MAJOR PROJECTS IN THE PHILIPPINES, ITS PRIORITIES IN RELATION TO THE SECOND NUCLEAR UNIT, AND INFORM THE EMBASSY OF THE SAME. THERE IS A FEELING ABOUT TOWN THAT EXIM CONSIDERS ITSELF AT THE LIMITS OF EXPOSURE DUE TO THE NUCLEAR POWER PROJECT AND IT NOT RECEPTIVE TO PROPOSALS ON OTHER PROJECTS, AND THE SECOND NUCLEAR UNIT AT THIS TIME. WE HAVE BEEN DENYING THAT RUMOR, PARTLY ON BASIS OF STATEMENTS DURING EARLY 1976 VISIT BY THEN-DEPUTY V.P. FOR ASIA, RICHARD CRAFTON. WE WOULD LIKE TO CONTINUE TO DENY THESE ROMORS WITH THE CONFIDENCE OF A MORE RECENT READING FROM EXIM.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA02205
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770049-0817
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770250/aaaabsez.tel
Line Count: 155
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d7f0f5c7-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3343944
Secure: OPEN
Status: NATIVE
Subject: STATUS REPORT ON WESTINGHOUSE NUCLEAR POWER PROJECT - AND COMMENTS ON UNIT NUMBER TWO
TAGS: ENRG, RP, WESTINGHOUSE
To: STATE COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d7f0f5c7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009